

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

Paramount Care of Michigan

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	95566	Employer's ID Number	38-3200310
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Date Incorporated or Organized	12/16/1993		Date Commenced Business	06/07/1996		
Statutory Home Office	106 Park Place (Street and Number)		Dundee, MI 48131 (City, or Town, State and Zip Code)			
Main Administrative Office			106 Park Place (Street and Number)			
	Dundee, MI 48131 (City or Town, State and Zip Code)		(734)529-7800 (Area Code) (Telephone Number)			
Mail Address	106 Park Place (Street and Number or P.O. Box)		Dundee, MI 48131 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			1901 Indian Wood Circle (Street and Number)			
	Maumee, OH 43537 (City, or Town, State and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Jeff Martin (Name)		(419)887-2959 (Area Code)(Telephone Number)(Extension)			
	jeff.martin@promedica.org (E-Mail Address)		(419)887-2020 (Fax Number)			
Policyowner Relations Contact			1901 Indian Wood Circle (Street and Number)			
	Maumee, OH 43537 (City, or Town, State and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Chairman	John Charles Randolph Mr.
President	John Charles Randolph Mr.
Vice Chairman	Marilyn Naomi Carnell Ms.
Treasurer	Kathleen S. Hanley Mrs.
Secretary	Jeffrey Craig Kuhn Mr.

VICE PRESIDENTS

Neeraj Kumar Kanwal Dr Mark Henry Moser Mr.	Robert James Kolodgy Mr.
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DIRECTORS OR TRUSTEES

Marilyn Naomi Carnell Ms. Jeffrey Ray Lewis Dr. Heather Ann Socha Ms.	Thomas Henry Gross Dr. John Charles Randolph Mr.
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State of Michigan  
County of Monroe ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature) John Charles Randolph (Printed Name) President	(Signature) Jeffrey Craig Kuhn (Printed Name) Secretary	(Signature) Robert James Kolodgy (Printed Name) Senior Vice President
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Subscribed and sworn to before me this day of , 2004	a. Is this an original filing?	Yes[X] No[ ]
	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....				
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances) .....				
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....2,909,148 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA) .....	2,909,148		2,909,148	2,853,500
6.	Contract loans (including \$..... premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivable for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	2,909,148		2,909,148	2,853,500
11.	Investment income due and accrued .....				
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection .....	614,239		614,239	45,910
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums) .....				
12.3	Accrued retrospective premiums .....				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers .....				
13.2	Funds held by or deposited with reinsured companies .....				
13.3	Other amounts receivable under reinsurance contracts .....				
14.	Amounts receivable relating to uninsured plans .....	99,964	99,964		
15.1	Current federal and foreign income tax recoverable and interest thereon .....	327,434		327,434	
15.2	Net deferred tax asset .....				
16.	Guaranty funds receivable or on deposit .....				
17.	Electronic data processing equipment and software .....	7,089		7,089	10,012
18.	Furniture and equipment, including health care delivery assets (\$.....) .....	1,344	1,344		
19.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
20.	Receivables from parent, subsidiaries and affiliates .....	779,117		779,117	1,483,328
21.	Health care (\$.....) and other amounts receivable .....				
22.	Other assets nonadmitted .....	1,350	1,350		
23.	Aggregate write-ins for other than invested assets .....				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	4,739,685	102,657	4,637,028	4,392,750
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	4,739,685	102,657	4,637,028	4,392,750
DETAILS OF WRITE-INS					
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301	.....				
2302	.....				
2303	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	2,069,565		2,069,565	1,613,265
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....				
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	117,357		117,357	292,440
9.	General expenses due or accrued .....	52,150		52,150	6,035
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) .....				1,715
10.2	Net deferred tax liability .....	52,608		52,608	38,000
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittance and items not allocated .....				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	506,398		506,398	18,891
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured accident and health plans .....				
21.	Aggregate write-ins for other liabilities (including \$..... current) .....				
22.	TOTAL Liabilities (Lines 1 to 21) .....	2,798,078		2,798,078	1,970,346
23.	Common capital stock .....	X X X	X X X	10,000	10,000
24.	Preferred capital stock .....	X X X	X X X		
25.	Gross paid in and contributed surplus .....	X X X	X X X	3,990,000	3,990,000
26.	Surplus notes .....	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
28.	Unassigned funds (surplus) .....	X X X	X X X	(2,161,050)	(1,577,596)
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	TOTAL capital and surplus (Lines 23 to 28 minus Line 29) .....	X X X	X X X	1,838,950	2,422,404
31.	TOTAL Liabilities, capital and surplus (Lines 22 and 30) .....	X X X	X X X	4,637,028	4,392,750
DETAILS OF WRITE-INS					
2101.	0 .....				
2102.	0 .....				
2103	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page .....	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	76,059	47,726
2.	Net premium income (including \$..... non-health premium income) .....	X X X .....	20,586,972	13,329,293
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL revenues (Lines 2 to 7) .....	X X X .....	20,586,972	13,329,293
<b>Hospital and Medical:</b>				
9.	Hospital/medical benefits .....		15,942,755	10,485,607
10.	Other professional services .....			
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		1,123,800	595,732
13.	Prescription drugs .....		1,855,099	958,788
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....		18,921,655	12,040,127
<b>Less:</b>				
17.	Net reinsurance recoveries .....			143,379
18.	TOTAL hospital and medical (Lines 16 minus 17) .....		18,921,655	11,896,748
19.	Non-health claims .....			
20.	Claims adjustment expenses .....		142,280	95,116
21.	General administrative expenses .....		2,301,644	1,340,333
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only) .....			
23.	TOTAL underwriting deductions (Lines 18 through 22) .....		21,365,578	13,332,197
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	(778,607)	(2,904)
25.	Net investment income earned .....		22,136	24,845
26.	Net realized capital gains or (losses) .....			
27.	Net investment gains or (losses) (Lines 25 plus 26) .....		22,136	24,845
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	(756,471)	21,941
31.	Federal and foreign income taxes incurred .....	X X X .....	(272,443)	2,727
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	(484,028)	19,214
<b>DETAILS OF WRITE-INS</b>				
0601	.....	X X X .....		
0602	.....	X X X .....		
0603	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701	.....	X X X .....		
0702	.....	X X X .....		
0703	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401	.....			
1402	.....			
1403	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901	.....			
2902	.....			
2903	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	2,422,404	864,611
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32 .....	(484,028)	19,214
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Net unrealized capital gains and losses .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	(99,426)	738,578
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		800,000
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	(583,455)	1,557,792
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	1,838,949	2,422,403
DETAILS OF WRITE-INS			
4701	.....		
4702	.....		
4703	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	19,843,560	13,442,963
2.	Net investment income .....	22,136	24,845
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	19,865,696	13,467,808
5.	Benefit and loss related payments .....	18,465,355	11,896,260
6.	Net transfers to Separate, Segregated and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	2,497,772	1,367,715
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) \$...... net tax on capital gains (losses) .....	42,098	1,012
10.	Total (Lines 5 through 9) .....	21,005,225	13,264,987
11.	Net cash from operations (Lines 4 minus 10) .....	(1,139,530)	202,821
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....		
14.	Net increase (or decrease) in policy loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....		
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		800,000
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds received .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	1,195,178	478,555
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	1,195,178	1,278,555
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Line 15, plus Line 17) .....	55,648	1,481,376
19.	Cash and short-term investments:		
19.1	Beginning of year .....	2,853,500	1,372,123
19.2	End of year (Line 18 plus Line 19.1) .....	2,909,148	2,853,499

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income .....	20,586,972	13,391,402					7,195,569						
2.	Change in unearned premium reserves and reserve for rate credit .....													
3.	Fee-for-service (net of \$..... medical expenses) .....													X X X .....
4.	Risk revenue .....													X X X .....
5.	Aggregate write-ins for other health care related revenues .....													X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
7.	TOTAL revenues (Lines 1 to 6) .....	20,586,972	13,391,402					7,195,569						
8.	Hospital/medical benefits .....	15,942,755	9,448,086					6,494,669						X X X .....
9.	Other professional services .....													X X X .....
10.	Outside referrals .....													X X X .....
11.	Emergency room and out-of-area .....	1,123,800	832,772					291,029						X X X .....
12.	Prescription drugs .....	1,855,099	1,795,465					59,634						X X X .....
13.	Aggregate write-ins for other hospital and medical .....													X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....													X X X .....
15.	Subtotal (Lines 8 to 14) .....	18,921,655	12,076,323					6,845,332						X X X .....
16.	Net reinsurance recoveries .....													X X X .....
17.	TOTAL hospital and medical (Lines 15 minus 16) .....	18,921,655	12,076,323					6,845,332						X X X .....
18.	Non-health claims (net) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
19.	Claims adjustment expenses .....	142,280	91,549					50,731						
20.	General administrative expenses .....	2,301,644	2,096,661					204,982						
21.	Increase in reserves for accident and health contracts .....													X X X .....
22.	Increase in reserves for life contracts .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
23.	TOTAL underwriting deductions (Lines 17 to 22) .....	21,365,578	14,264,533					7,101,046						
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	(778,607)	(873,130)					94,524						
DETAILS OF WRITE-INS														
0501	.....													X X X .....
0502	.....													X X X .....
0503	.....													X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....													X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....													X X X .....
0601	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0602	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0603	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
1301.	0 .....													X X X .....
1302	.....													X X X .....
1303	.....													X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....													X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....													X X X .....

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	13,537,734		146,331	13,391,402
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employee Health Benefits Plan .....				
6.	Title XVIII - Medicare .....	7,296,973		101,404	7,195,569
7.	Title XIX - Medicaid .....				
8.	Stop loss .....				
9.	Disability income .....				
10.	Long-term care .....				
11.	Other health .....				
12.	Health subtotal (Lines 1 through 11) .....	20,834,707		247,735	20,586,972
13.	Life .....				
14.	Property/casualty .....				
15.	TOTALS (Lines 12 to 14) .....	20,834,707		247,735	20,586,972



**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct .....	18,465,355	11,412,918					7,052,437						
	1.2 Reinsurance assumed .....													
	1.3 Reinsurance ceded .....													
	1.4 Net .....	18,465,355	11,412,918					7,052,437						
2.	Paid medical incentive pools and bonuses .....													
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct .....	2,069,565	1,259,897					809,668						
	3.2 Reinsurance assumed .....													
	3.3 Reinsurance ceded .....													
	3.4 Net .....	2,069,565	1,259,897					809,668						
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct .....													
	4.2 Reinsurance assumed .....													
	4.3 Reinsurance ceded .....													
	4.4 Net .....													
5.	Accrued medical incentive pools and bonuses, current year .....													
6.	Amounts recoverable from reinsurers December 31, current year .....													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct .....	1,613,265	596,492					1,016,773						
	7.2 Reinsurance assumed .....													
	7.3 Reinsurance ceded .....													
	7.4 Net .....	1,613,265	596,492					1,016,773						
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct .....													
	8.2 Reinsurance assumed .....													
	8.3 Reinsurance ceded .....													
	8.4 Net .....													
9.	Accrued medical incentive pools and bonuses, prior year .....													
10.	Amounts recoverable from reinsurers December 31, prior year .....													
11.	Incurred benefits:													
	11.1 Direct .....	18,921,655	12,076,323					6,845,332						
	11.2 Reinsurance assumed .....													
	11.3 Reinsurance ceded .....													
	11.4 Net .....	18,921,655	12,076,323					6,845,332						
12.	Incurred medical incentive pools and bonuses .....													

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct .....	259,094	175,377					83,717						
	1.2 Reinsurance assumed .....													
	1.3 Reinsurance ceded .....													
	1.4 Net .....	259,094	175,377					83,717						
2.	Incurred but Unreported:													
	2.1 Direct .....	1,810,471	1,084,520					725,951						
	2.2 Reinsurance assumed .....													
	2.3 Reinsurance ceded .....													
	2.4 Net .....	1,810,471	1,084,520					725,951						
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct .....													
	3.2 Reinsurance assumed .....													
	3.3 Reinsurance ceded .....													
	3.4 Net .....													
4.	TOTALS													
	4.1 Direct .....	2,069,565	1,259,897					809,668						
	4.2 Reinsurance assumed .....													
	4.3 Reinsurance ceded .....													
	4.4 Net .....	2,069,565	1,259,897					809,668						

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	466,002	10,946,916	21,921	1,237,976	487,923	596,492
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	679,905	6,372,532	29,278	780,390	709,183	1,016,773
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	1,145,907	17,319,448	51,199	2,018,366	1,197,106	1,613,265
10.	Other non-health .....						
11.	Medical incentive pool and bonus amounts .....						
12.	TOTALS (Lines 9 to 11) .....	1,145,907	17,319,448	51,199	2,018,366	1,197,106	1,613,265

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	52	54	54	54	54
2.	1999 .....	3,299	3,988	4,008	4,009	4,009
3.	2000 .....	X X X	5,404	6,529	6,537	6,528
4.	2001 .....	X X X	X X X	7,737	8,839	8,847
5.	2002 .....	X X X	X X X	X X X	9,546	10,693
6.	2003 .....	X X X	X X X	X X X	X X X	15,392

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	52	2	0		
2.	1999 .....	3,794	688	21	1	
3.	2000 .....	X X X	6,294	1,124	(16)	(9)
4.	2001 .....	X X X	X X X	9,255	1,102	8
5.	2002 .....	X X X	X X X	X X X	11,160	1,197
6.	2003 .....	X X X	X X X	X X X	X X X	17,462

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	54		X X X	54	X X X			54	X X X
2.	1999 .....	4,516	4,009			4,009	88.767			4,009	88.767
3.	2000 .....	8,130	6,528			6,528	80.296			6,528	80.296
4.	2001 .....	9,975	8,847	143	1.616	8,990	90.128			8,990	90.128
5.	2002 .....	13,329	10,693	95	0.888	10,788	80.935	51		10,839	81.317
6.	2003 .....	20,587	15,392	142	0.923	15,534	75.455	2,018		17,552	85.258
7.	TOTAL (Lines 1 through 6) .....	X X X	45,523	380	X X X	45,903	X X X	2,069		47,972	X X X
8.	TOTAL (Lines 2 through 6) .....	56,537	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	37	39	39	39	39
2.	1999 .....	388	463	463	463	463
3.	2000 .....	X X X	1,795	2,143	2,140	2,132
4.	2001 .....	X X X	X X X	2,637	3,044	3,040
5.	2002 .....	X X X	X X X	X X X	3,995	4,472
6.	2003 .....	X X X	X X X	X X X	X X X	9,118

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	37	2	0		
2.	1999 .....	497	75	0	0	
3.	2000 .....	X X X	2,092	348	(27)	(8)
4.	2001 .....	X X X	X X X	3,210	407	(4)
5.	2002 .....	X X X	X X X	X X X	4,591	477
6.	2003 .....	X X X	X X X	X X X	X X X	10,378

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	39		X X X	39	X X X			39	X X X
2.	1999 .....	686	463			463	67.475			463	67.475
3.	2000 .....	2,426	2,132			2,132	87.883			2,132	87.883
4.	2001 .....	4,205	3,040	143	4.704	3,183	75.698			3,183	75.698
5.	2002 .....	6,277	4,472	95	2.124	4,567	72.762	22		4,589	73.113
6.	2003 .....	13,391	9,118	142	1.557	9,260	69.151	1,238		10,498	78.396
7.	TOTAL (Lines 1 through 6) .....	X X X	19,264	380	X X X	19,644	X X X	1,260		20,904	X X X
8.	TOTAL (Lines 2 through 6) .....	26,985	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

- 12     **Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP. . . . . NONE**
  
- 12     **Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP. . . . . NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	..... 15	..... 15	..... 15	..... 15	..... 15
2.	1999 .....	..... 2,911	..... 3,525	..... 3,545	..... 3,546	..... 3,546
3.	2000 .....	..... X X X	..... 3,609	..... 4,386	..... 4,397	..... 4,396
4.	2001 .....	..... X X X	..... X X X	..... 5,100	..... 5,795	..... 5,807
5.	2002 .....	..... X X X	..... X X X	..... X X X	..... 5,552	..... 6,221
6.	2003 .....	..... X X X	..... X X X	..... X X X	..... X X X	..... 6,274

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	..... 15				
2.	1999 .....	..... 3,297	..... 614	..... 20	..... 1	
3.	2000 .....	..... X X X	..... 4,202	..... 777	..... 11	..... (1)
4.	2001 .....	..... X X X	..... X X X	..... 6,045	..... 695	..... 12
5.	2002 .....	..... X X X	..... X X X	..... X X X	..... 6,569	..... 720
6.	2003 .....	..... X X X	..... X X X	..... X X X	..... X X X	..... 7,084

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1999 .....	..... X X X	..... 15		..... X X X	..... 15	..... X X X			..... 15	..... X X X
2.	1999 .....	..... 3,830	..... 3,546			..... 3,546	..... 92.581			..... 3,546	..... 92.581
3.	2000 .....	..... 5,704	..... 4,396			..... 4,396	..... 77.069			..... 4,396	..... 77.069
4.	2001 .....	..... 5,770	..... 5,807			..... 5,807	..... 100.644			..... 5,807	..... 100.644
5.	2002 .....	..... 7,053	..... 6,221			..... 6,221	..... 88.207	..... 29		..... 6,250	..... 88.619
6.	2003 .....	..... 7,196	..... 6,274			..... 6,274	..... 87.187	..... 780		..... 7,054	..... 98.027
7.	TOTAL (Lines 1 through 6) .....	..... X X X	..... 26,259		..... X X X	..... 26,259	..... X X X	..... 809		..... 27,068	..... X X X
8.	TOTAL (Lines 2 through 6) .....	..... 29,553	..... X X X	..... X X X	..... X X X	..... X X X	..... X X X	..... X X X	..... X X X	..... X X X	..... X X X

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other. . . . . NONE**

**13      Underwriting Invest Exh Pt 2D - A & H Reserve - . . . . . NONE**



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$.....16,200 for occupancy of own building) .....	2,203	13,997		16,200
2. Salaries, wages and other benefits .....	73,137	1,377,020		1,450,157
3. Commissions (less \$..... ceded plus \$..... assumed) ...		380,543		380,543
4. Legal fees and expenses .....				
5. Certifications and accreditation fees .....		165		165
6. Auditing, actuarial and other consulting services .....		44,181		44,181
7. Traveling expenses .....		3,483		3,483
8. Marketing and advertising .....		44,282		44,282
9. Postage, express and telephone .....		7,062		7,062
10. Printing and office supplies .....	5,682	36,098		41,781
11. Occupancy, depreciation and amortization .....	899	5,710		6,608
12. Equipment .....	566	3,596		4,162
13. Cost or depreciation of EDP equipment and software .....				
14. Outsourced services including EDP, claims, and other services .....				
15. Boards, bureaus and association fees .....		13,682		13,682
16. Insurance, except on real estate .....				
17. Collection and bank service charges .....		3,152		3,152
18. Group service and administration fees .....				
19. Reimbursements by uninsured accident and health plans .....				
20. Reimbursements from fiscal intermediaries .....				
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes .....				
23.2 State premium taxes .....				
23.3 Regulator authority licenses and fees .....				
23.4 Payroll taxes .....	494	3,140		3,634
23.5 Other (excluding federal income and real estate taxes) .....		(7)		(7)
24. Investment expenses not included elsewhere .....				
25. Aggregate write-ins for expenses .....	59,298	365,540		424,839
26. Total expenses incurred (Lines 1 to 25) .....	142,280	2,301,644		(a) 2,443,923
27. Less expenses unpaid December 31, current year .....		52,150		52,150
28. Add expenses unpaid December 31, prior year .....		6,034		6,034
29. Amounts receivable relating to uninsured accident and health plans, prior year .....				
30. Amounts receivable relating to uninsured accident and health plans, current year .....				
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .	142,280	2,255,528		2,397,807
<b>DETAILS OF WRITE-INS</b>				
2501. Subscriptions & Periodicals .....		(25)		(25)
2502. Education:Other .....		349		349
2503. Minor Equipment .....		503		503
2598. Summary of remaining write-ins for Line 25 from overflow page .....	59,298	364,714		424,012
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....	59,298	365,540		424,839

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds .....	(a).....	
1.1	Bonds exempt from U.S. tax .....	(a).....	
1.2	Other bonds (unaffiliated) .....	(a).....	
1.3	Bonds of affiliates .....	(a).....	
2.1	Preferred stocks (unaffiliated) .....	(b).....	
2.11	Preferred stocks of affiliates .....	(b).....	
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash/short-term investments .....	(e)..... 22,136	22,136
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	22,136	22,136
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		
16.	Total deductions (Lines 11 through 15) .....		
17.	Net Investment income (Line 10 minus Line 16) .....		22,136
DETAILS OF WRITE-INS			
0901.	0 .....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		
1501	.....		
1502	.....		
1503	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash/short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901	.....	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

NONE

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

		1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 12 to 20, Column 2 .....	101,307	1,881	(99,426)
2.	Other Nonadmitted Assets:			
2.1	Bills receivable .....			
2.2	Leasehold improvements .....			
2.3	Cash advanced to or in the hands of officers and agents .....			
2.4	Loans on personal security, endorsed or not .....			
2.5	Commuted commissions .....			
3.	Total (Lines 2.1 to 2.5) .....			
4.	Aggregate write-ins for other assets .....	1,350	1,350	
5.	TOTAL (Line 1 plus Line 3 and Line 4) .....	102,657	3,231	(99,426)
DETAILS OF WRITE-INS				
0401.	Prepaid Rent .....	1,350	1,350	
0402.	Security Deposit .....			
0403	.....			
0498.	Summary of remaining write-ins for Line 4 from overflow page .....			
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above) .....	1,350	1,350	

**EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	4,504	4,311	5,818	6,086	6,428	67,225
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....		119	791	1,227	1,248	8,834
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	4,504	4,430	6,609	7,313	7,676	76,059
DETAILS OF WRITE-INS							
0601	.....						
0602	.....						
0603	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

**Notes to Financial Statement**

**PARAMOUNT CARE OF MICHIGAN, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

1. Summary of Significant Accounting Principles

A. Accounting Practices

The financial statements of Paramount Care of Michigan, Inc. are presented on the basis of accounting practices in accordance with the NAIC *Accounting Practices and Procedures* manual and those permitted by the Michigan Department of Insurance.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent liabilities at the date of the financial statements and the reported revenue and expensed during the period. Actual results could differ from those estimates.

C. Accounting Policies

- (1) Short-term investments - (NA)
- (2) Bonds not backed by Loans - (NA)
- (3) Common Stock - (NA)
- (4) Preferred Stock - (NA)
- (5) Mortgage Loans - (NA)
- (6) Loan-backed securities - (NA)
- (7) Investment in subsidiaries - (NA)
- (8) Investment in Joint Ventures - (NA)
- (9) Derivatives - (NA)
- (10) Estimating the Liabilities for Losses

The company uses paid claims and completion factors based on historical payment patterns to estimate unpaid losses and loss adjustment expenses. Changes in payment patterns and claims trends can result in changes to prior years' claim estimates.

2. Accounting Changes and Corrections of Errors

There were no accounting changes or corrections of errors in fiscal year 2003.

3. Business Combinations and Goodwill  
(NA)

4. Discontinued Operations  
(NA)

5. Investments  
(NA)

6. Joint Ventures, Partnerships and Limited Liability Companies  
(NA)

7. Investment Income

- (1) The Company did not have any investment income due and accrued

Notes to Financial Statement

8. Derivative Instruments  
(NA)

9. Income Taxes

A. Deferred Tax Asset  
(NA)

B. Deferred tax Liability  
\$52,608 at 12/31/2003 and \$38,000 at 12/31/2002.

C. The company incurred income tax benefit of \$272,443 in fiscal year 2003, and tax expense of \$2,727 in 2002.

D. Effective rate of income tax  
36% in 2003 and 12% in 2002.

E. Operating loss carry forward  
(NA)

F. The Company is a party to a tax sharing agreement with PIC, PPO, Paramount Health Care, Paramount Insurance Company, f/k/a Promedica Life Insurance Company and Paramount Benefits Agency. Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company.

10. Balances outstanding with affiliated entities at December 31, 2003 and 2002

		2003		2002	
		Due from	Due to	Due from	Due to
Paramount Health Care		778,635	501,853	1,419,803	
Lenewee Health Alliance		482		63,525	
ProMedica Insurance Corp.			2,074		16,900
The Toledo Hospital			2,471		1,991
		779,117	506,398	1,483,328	18,891

Premiums billed to affiliated entities during fiscal year 2003 and 2002

		2003	2002
		Premiums	Premiums
Lenewee Health Alliance		4,236,369	-
Other			
		4,236,369	-

E. Guarantees or Undertakings  
(NA)

F. Material Management or Service Contracts  
(NA)

G. All outstanding shares of the Company are owned by the Parent Company, Promedica Insurance

**Notes to Financial Statement**

Corporation, an insurance holding company domiciled in the State of Ohio.

- H. Valuing Common Stocks and Stock Warrants  
(NA)
- I. Investment in an SCA  
(NA)
- J. Investment in impaired SCA  
(NA)
- 11. Debt - (NA)
- 12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Plans
  - A. Effective July 1, 2002, the System extended the ProMedica pension plan to the eligible employees of Paramount. The pension costs for Paramount are based on a direct calculation of certain cost components and the application of reasonable methodology for other cost components.
  - B. The company sponsors a 401(k) savings plan, whereby eligible employees may voluntarily contribute a percentage of their annual compensation. Under the provision of the plan, the Company annually matches employees’ contributions up to 3% of compensation. All employees with at least one year of service are eligible for the plan match. If an employee has ten or more years of pension vesting service and is paid at least 1000 hours during the plan year and is employed at December 31 of any year, the company will contribute 2% of the employee’s pay to his or her 401 (k) account
  - C. Multi-employer plan  
(NA)
- 13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi - Reorganizations.
  - (1) The Company has 60,000 shares authorized and 10,000 shares outstanding.
  - (2) The Company has no preferred stock outstanding
  - (3) The Company did not pay any dividends
  - (4) Restrictions on Dividend Payments - (NA)
  - (5) Restrictions on Company’s surplus - (NA)
  - (6) Advances to surplus not repaid - (NA)
  - (7) Stock held by Company for special purposes - (NA)
  - (8) Changes in balances of special surplus funds - (NA)
  - (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
    - a. Unrealized gains and losses: \$0
    - b. Nonadmitted asset values: (\$102,657)
    - c. Separate account business \$0
    - d. Asset Valuation reserves \$0
    - e. Provision for reinsurance: \$0
  - (10) Surplus debentures or similar obligations - (NA)
  - (11) Impact of the restatement in a quasi-reorganization - (NA)
  - (12) Effective date of a quasi-reorganization - (NA)
- 14. Contingencies  
(NA)
- 15. Leases  
(NA)
- 16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentration of Risk:  
(NA)

## Notes to Financial Statement

- 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities  
(NA)
- 18. Gains or Loss from Uninsured A&H Plans and the Uninsured Portion or Partially Insured Plans  
(NA)
- 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators  
(NA)
- 20. September 11 Events  
(NA)
- 21. Other  
(NA)
- 22. Events Subsequent  
(NA)
- 23. Reinsurance

Under the terms of the Company’s reinsurance agreement for commercial and Medicare members, the reinsurer will reimburse the Company approximately 80% - 90% of the cost of each members’ annual hospital services in excess of \$75,000, up to a lifetime limitation of \$1,000,000 per member.

For the year ended December 31, 2003 the Company paid reinsurance premiums to Munich America (NAIC #66346) of approximately \$247,735.

- A. Unsecured Reinsurance Recoverable  
(NA)
- B. Reinsurance Recoverable in Dispute  
(NA)
- C. Reinsurance Assumed and Ceded Premium Reserve and Commission Equity  
(NA)
- C. Uncollectible Reinsurance  
(NA)
- D. Commutation of Ceded Reinsurance  
(NA)
- F. Retroactive Reninsurance  
(NA)

- 24. Retrospectively Rated Contracts  
(NA)

- 25. Change in Incurred Claims and Claim Adjustment Expenses

As reported in the Underwriting and Investment Exhibit, part 2B, the estimated claim reserve as of December 31, 2002 was \$1,613,265. Actual payments made in 2003 against this claim reserve totaled \$1,146,362, and an estimated \$51,000 in additional payments is still expected. The net change in estimate is \$415,903. This was mainly due to the relatively small size of the membership and the volatility and inconsistency in forecasting for such a small group.

- 26. Intercompany Pooling Arrangements  
(NA)
- 27. Structured Settlements



Notes to Financial Statement

- (NA)
28. Health Care Receivables  
(NA)
29. Participating Policies  
(NA)
30. Premium Deficiency Reserves  
(NA)
31. Anticipated Salvage and Subrogation  
(NA)
32. Organization and Operation

Paramount Care of Michigan, Inc. (Company) was incorporated for the purpose of providing comprehensive health care services on a prepaid basis and establishing and operating a health maintenance organization in southeastern Michigan. The Company is a wholly owned subsidiary of Promedica Insurance Corporation (PIC), formerly known as Vanguard Health Ventures, Inc., which is turn is a wholly owned subsidiary of Promedica Health System (Promedica). The Company formally commenced operations on December 1, 1997.

The statements of revenues and expenses reflect revenues, cost of health care services, and general and administrative expenses relating to risk contracts only.

32. Minimum Net Worth

Under the laws of the State of Michigan, the Plan is required to maintain a statutory certificate of deposit based on 5% of the net revenue from risk contracts plus an additional \$100,000 with a maximum of \$1,000,000. This amount is maintained in the cash balance on the asset page and is broken out separately on the schedule of special deposits. The statutory deposit was calculated as follows:

Net earned subscription revenue	\$20,586,972
	<u>X5%</u>
5% of revenue	\$ 1,029,349
Total required deposit	\$ 1,000,000
Actual deposited amount	\$ 1,000,000

Under the laws of the State of Michigan, the Plan is also required to maintain a working capital amount of greater than \$250,000. The working capital calculation is as follows:

Current Assets	\$3,629,939
Current Liabilities	<u>(\$2,745,470)</u>
Working Capital	\$884,469

The company is also expected to maintain a minimum net worth determined by using accounting procedures approved by the commissioner that ensure that a health maintenance organization is financially and actuarially sound. The commissioner takes into account the risk-based capital requirements as developed by the national association of insurance commissioners in order to determine adequate compliance. PCM fell into the Company Action Level when examining its risk-based capital.

PCM Total Adjusted Capital	\$1,937,453
Company Action Level 200%	\$2,418,884
Regulatory Action Level 150%	\$1,814,163
Authorized Action Level 100%	\$1,209,340

**Notes to Financial Statement**

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....				
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA .....				
1.512	Issued by FNMA and FHLMC .....				
1.513	Privately issued .....				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC .....				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....				
1.523	All other privately issued .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
4.6	Mezzanine real estate loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6.	Policy loans .....				
7.	Receivables for securities .....				
8.	Cash and short-term investments .....	2,909,148	100.000	2,909,148	100.000
9.	Other invested assets .....				
10.	Total invested assets .....	2,909,148	100.000	2,909,148	100.000

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/1999
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

07/21/2001
- 3.4 By what department or departments?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity



**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

18. List the following capital stock information for the reporting entity:

Class		1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[ ] No[ ] N/A[X]	Yes[ ] No[ ] N/A[X]
2.	Common .....	..... 60,000.000	..... 10,000.000	.....	..... X X X .....	..... X X X .....	..... X X X .....

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[ ]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[ ] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

20.3 For each category above, if any of these assets are held by other, identify by whom held:

- 20.31
- 20.32
- 20.33
- 20.34
- 20.35
- 20.36
- 20.37
- 20.38
- 20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$ .....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[ ] No[X]

1	2
Name of Custodian(s)	Custodian's Address
.....	.....

- 23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....	.....	.....

- 23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?
- 23.04 If yes, give full and complete information relating thereto:
- Yes[ ] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....

- 23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....	.....	.....

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 24.2 If yes, complete the following schedule:
- Yes[ ] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
24.2999 Total .....	.....	.....

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....	.....	.....	.....

**GENERAL INTERROGATORIES (Continued)**

**OTHER**

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$ ..... 11,340

1 Name	2 Amount Paid
Michigan Association of Health Plans .....	..... 11,340

26.1 Amount of payments for legal expenses, if any?

26.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$ .....

1 Name	2 Amount Paid
.....	.....

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

27.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$ .....

1 Name	2 Amount Paid
.....	.....



**GENERAL INTERROGATORIES (continued)**

**PART 2 - HEALTH INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ .....
- 1.31 Reason for excluding:
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ .....
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$ .....
- 1.62 Total incurred claims

\$ .....
- 1.63 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.64 Total premium earned

\$ .....
- 1.65 Total incurred claims

\$ .....
- 1.66 Number of covered lives

\$ .....
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$ .....
- 1.72 Total incurred claims

\$ .....
- 1.73 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.74 Total premium earned

\$ .....
- 1.75 Total incurred claims

\$ .....
- 1.76 Number of covered lives

\$ .....

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	20,586,972	13,329,293
2.2	Premium Denominator .....	20,586,972	13,329,293
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....		
2.5	Reserve Denominator .....	2,069,565	1,613,265
2.6	Reserve Ratio (2.4 / 2.5) .....		

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[ ]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$ .....
- 5.32 Medical Only

\$ ..... 75,000
- 5.33 Medicare Supplement

\$ .....
- 5.34 Dental

\$ .....
- 5.35 Other Limited Benefit Plan

\$ .....
- 5.36 Other

\$ .....
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
The plan has held harmless provisions with network hospitals. The company's reinsurance contract does provide for payment of certain benefits for 30 days following an event of insolvency
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[ ]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 1896
- 8.2 Number of providers at end of reporting year

..... 1404
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0

**GENERAL INTERROGATORIES (continued)**  
**PART 2 - HEALTH INTERROGATORIES**

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[ ] No[X]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ .....

10.22 Amount actually paid for year bonuses

\$ .....

10.23 Maximum amount payable withholds

\$ .....

10.24 Amount actually paid for year withholds

\$ .....

11.1 Is the reporting entity organized as:

11.12 A medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[ ] No[X]

11.3 If yes, show the name of the state requiring such net worth.

11.4 If yes, show the amount required.

\$ .....

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Lenewee .....
Monroe .....

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	4,637,028	4,392,750	2,571,790	2,690,228	1,619,020
2. Total liabilities (Page 3, Line 22) .....	2,798,078	1,970,346	1,707,178	1,319,074	1,076,656
3. Statutory surplus .....					
4. Total capital and surplus (Page 3, Line 30) .....	1,838,950	2,422,404	864,612	1,371,155	542,364
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 8) .....	20,586,972	13,329,293	9,974,668	8,129,965	4,501,583
6. Total medical and hospital expenses (Line 18) .....	18,921,655	11,896,748	10,346,373	7,265,577	4,256,189
7. Total administrative expenses (Line 21) .....	2,301,644	1,340,333	1,180,359	1,122,796	525,635
8. Net underwriting gain (loss) (Line 24) .....	(778,607)	(2,904)	(1,552,064)	(258,408)	(280,241)
9. Net investment gain (loss) (Line 27) .....	22,136	24,845	58,471	30,341	22,579
10. Total other income (Lines 28 plus 29) .....					
11. Net income or (loss) (Line 32) .....	(484,028)	19,214	(769,593)	(228,067)	(257,662)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	1,838,950	2,422,404	864,612	1,371,155	542,364
13. Authorized control level risk-based capital .....	1,209,340	757,922	658,765	533,245	310,881
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	7,676	4,504	3,241	2,282	1,368
15. Total members months (Column 6, Line 7) .....	76,059	47,726	36,352	25,367	13,113
<b>OPERATING PERCENTAGE (Page 4)</b>					
<b>(Item divided by Page 4, sum of Lines 2, 3 and 5)</b>					
16. Premiums earned (Lines 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18) .....	91.9	89.3	103.7	89.4	0.9
18. Total underwriting deductions (Line 23) .....	103.8	100.0	115.6	103.2	
19. Total underwriting gain (loss) (Line 24) .....	(3.8)	0.0	(15.6)	(3.2)	
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, Part 2B)</b>					
20. Total claims incurred for prior years (Line 12, Col. 5) .....	1,197,106	1,137,059	1,145,493	690,350	53,423
21. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)] ..	1,613,265	1,517,661	890,296	494,574	112,014
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....					
26. Affiliated mortgage loans on real estate .....					
27. All other affiliated .....					
28. Total of above Lines 22 to 27 .....					

36	Schedule A - Verification - . . . . .	NONE
36	Schedule B - Verification - . . . . .	NONE
36	Schedule BA - Verification - . . . . .	NONE
37	Schedule D - Summary by Country - . . . . .	NONE
37	Schedule D - Verification - . . . . .	NONE
38	Schedule D Part 1A Sn 1 - #1 - . . . . .	NONE
39	Schedule D Part 1A Sn 1 - #2 - . . . . .	NONE
40	Schedule D Part 1A Sn 1 - #3 - . . . . .	NONE
41	Schedule D Part 1A Sn 2 - #1 - . . . . .	NONE
42	Schedule D Part 1A Sn 2 - #2 - . . . . .	NONE
43	Schedule D Part 1A Sn 2 - #3 - . . . . .	NONE
44	Schedule DA Part 2 - . . . . .	NONE
45	Schedule DB Part A Verification - . . . . .	NONE
45	Schedule DB Part B Verification - . . . . .	NONE
46	Schedule DB Part C Verification - . . . . .	NONE
46	Schedule DB Part D Verification - . . . . .	NONE
46	Schedule DB Part E Verification - . . . . .	NONE
47	Schedule DB Part F Sn 1 - Sum Replicated Assets - . . . . .	NONE
48	Schedule DB Part F Sn 2 - Recon Replicated Assets - . . . . .	NONE
49	Schedule S - Part 1 - Section 2 - . . . . .	NONE
50	Schedule S - Part 2 - . . . . .	NONE

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

**Allocated by States and Territories**

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL) .....	No ..	No ..						
2.	Alaska (AK) .....	No ..	No ..						
3.	Arizona (AZ) .....	No ..	No ..						
4.	Arkansas (AR) .....	No ..	No ..						
5.	California (CA) .....	No ..	No ..						
6.	Colorado (CO) .....	No ..	No ..						
7.	Connecticut (CT) .....	No ..	No ..						
8.	Delaware (DE) .....	No ..	No ..						
9.	District of Columbia (DC) .....	No ..	No ..						
10.	Florida (FL) .....	No ..	No ..						
11.	Georgia (GA) .....	No ..	No ..						
12.	Hawaii (HI) .....	No ..	No ..						
13.	Idaho (ID) .....	No ..	No ..						
14.	Illinois (IL) .....	No ..	No ..						
15.	Indiana (IN) .....	No ..	No ..						
16.	Iowa (IA) .....	No ..	No ..						
17.	Kansas (KS) .....	No ..	No ..						
18.	Kentucky (KY) .....	No ..	No ..						
19.	Louisiana (LA) .....	No ..	No ..						
20.	Maine (ME) .....	No ..	No ..						
21.	Maryland (MD) .....	No ..	No ..						
22.	Massachusetts (MA) .....	No ..	No ..						
23.	Michigan (MI) .....	No ..	Yes ..	13,537,734	7,296,973				
24.	Minnesota (MN) .....	No ..	No ..						
25.	Mississippi (MS) .....	No ..	No ..						
26.	Missouri (MO) .....	No ..	No ..						
27.	Montana (MT) .....	No ..	No ..						
28.	Nebraska (NE) .....	No ..	No ..						
29.	Nevada (NV) .....	No ..	No ..						
30.	New Hampshire (NH) .....	No ..	No ..						
31.	New Jersey (NJ) .....	No ..	No ..						
32.	New Mexico (NM) .....	No ..	No ..						
33.	New York (NY) .....	No ..	No ..						
34.	North Carolina (NC) .....	No ..	No ..						
35.	North Dakota (ND) .....	No ..	No ..						
36.	Ohio (OH) .....	No ..	No ..						
37.	Oklahoma (OK) .....	No ..	No ..						
38.	Oregon (OR) .....	No ..	No ..						
39.	Pennsylvania (PA) .....	No ..	No ..						
40.	Rhode Island (RI) .....	No ..	No ..						
41.	South Carolina (SC) .....	No ..	No ..						
42.	South Dakota (SD) .....	No ..	No ..						
43.	Tennessee (TN) .....	No ..	No ..						
44.	Texas (TX) .....	No ..	No ..						
45.	Utah (UT) .....	No ..	No ..						
46.	Vermont (VT) .....	No ..	No ..						
47.	Virginia (VA) .....	No ..	No ..						
48.	Washington (WA) .....	No ..	No ..						
49.	West Virginia (WV) .....	No ..	No ..						
50.	Wisconsin (WI) .....	No ..	No ..						
51.	Wyoming (WY) .....	No ..	No ..						
52.	American Samoa (AS) .....	No ..	No ..						
53.	Guam (GU) .....	No ..	No ..						
54.	Puerto Rico (PR) .....	No ..	No ..						
55.	U.S. Virgin Islands (VI) .....	No ..	No ..						
56.	Canada (CN) .....	No ..	No ..						
57.	Aggregate other alien (OT) .....	X X X ..	X X X ..						
58.	TOTAL (Direct Business) .....	X X X ..	(a). 1 ..	13,537,734	7,296,973				
DETAILS OF WRITE-INS									
5701	.....								
5702	.....								
5703	.....								
5798.	Summary of remaining write-ins for Line 57 from overflow page .....								
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) ..								

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

**ORGANIZATION CHART**

The Registrant is ultimately controlled by ProMedica Health System, Inc. ("ProMedica"), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The following coding system is used to show the interrelationships among the various members of the insurance holding company system:

- A circle means that ProMedica is the sole member/parent of the entity
- ◆ Each entity marked with a diamond is a subsidiary of the entity listed directly above and denoted with a circle.
- Each entity marked with a square is a subsidiary of the entity listed directly above and marked with a diamond.
- Each entity marked with an arrow is a member of the insurance holding company system.

The following list depicts the identities and interrelationships of affiliated persons within the insurance holding company system.

- ProMedica Foundation, an Ohio nonprofit corporation
- ProMedica Health, Education and Research Corporation, an Ohio nonprofit corporation
- Fostoria Hospital Association, an Ohio nonprofit corporation
  - ◆ Fostoria Community Hospital Foundation, an Ohio nonprofit corporation
- ProMedica Health, Education and Research Corporation Foundation, an Ohio nonprofit corporation
- ProMedica Physician Corporation f/k/a ProMedica Physicians Enterprises, an Ohio nonprofit corporation .
  - ◆ ProMedica Physician Hospital Organization, Inc., an Ohio for-profit corporation and a wholly-owned subsidiary of ProMedica Physician Corporation
  - ◆ ProMedica Physician Group, Inc., an Ohio professional association which is beneficially owned by ProMedica Physician Corporation pursuant to the terms of a Share Control Agreement, dated as of June 2, 1999, by and among ProMedica Physician Corporation, Lee Hammerling, M.D. and ProMedica Physician Group, Inc. Dr. Hammerling holds legal ownership of all outstanding shares of capital stock of ProMedica Physician Group.
    - ProMedica Central Corporation of Michigan, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
    - ProMedica Central Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

- ProMedica North Physicians Corporation, a Michigan nonprofit stock corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
- ProMedica West Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica South Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica East Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica Indemnity Corporation, Ltd., an Ohio nonprofit corporation
- ProMedica Insurance Corporation f/k/a ProMedica Health Ventures Corporation f/k/a Vanguard Health Ventures, Incorporated, an Ohio for-profit corporation
  - ◆ Paramount Preferred Options, Inc., an Ohio for-profit corporation, which is wholly-owned by ProMedica Insurance Corporation
  - ◆ Paramount Care, Inc., an Ohio health-insuring corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
  - ◆ Paramount Benefits Agency, Inc., an Ohio for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
  - ◆ Paramount Care of Michigan, Inc., a Michigan for-profit corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
  - ◆ ProMedica Life Insurance Company, a for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
- ProMedica Continuing Care Services Corporation f/k/a Crestview of Ohio, Inc., an Ohio nonprofit corporation
  - ◆ Toledo District Nurse Association, an Ohio nonprofit corporation
  - ◆ Visiting Nurse Extra Care, an Ohio nonprofit corporation
  - ◆ Visiting Nurse Hospice & Health Care, an Ohio nonprofit corporation
- ProMedica Continuing Care Services Corporation Foundation, an Ohio nonprofit corporation
  - ◆ Visiting Nurse Foundation, an Ohio nonprofit corporation

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

- Bay Park Community Hospital, an Ohio nonprofit corporation
- Bay Park Community Hospital Foundation, an Ohio nonprofit corporation
- Defiance Hospital, an Ohio nonprofit corporation
- Defiance Hospital Foundation, an Ohio nonprofit corporation
- Lenawee Health Alliance, Inc., a Michigan nonprofit corporation
  - ◆ Emma L. Bixby Medical Center, a Michigan nonprofit corporation and a wholly-owned subsidiary of Lenawee Health Alliance, Inc.
    - Bixby Community Hospital Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Emma L. Bixby Medical Center
    - Lenawee Long Term Care Corporation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Emma L. Bixby Medical Center
  - ◆ Herrick Memorial Hospital, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of Lenawee Health Alliance, Inc.
    - Herrick Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Herrick Memorial Hospital, Inc.
    - Herrick Development Corporation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Herrick Memorial Hospital, Inc.
- The Toledo Hospital, an Ohio nonprofit corporation, of which Toledo Children’s Hospital f/k/a ProMedica Children’s Medical Center of Northwest Ohio is a division
  - ◆ Reynolds Road Fitness Center, an Ohio corporation that is a wholly owned subsidiary of The Toledo Hospital
  - ◆ Reynolds Road Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital has a 67% ownership interest, with various physicians having a remaining 33% interest.
  - ◆ Parkway Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital has a 40% ownership interest, with various physicians having a remaining 60% interest.



**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

- ◆ Central Region Properties, an Ohio corporation that is a wholly owned subsidiary of The Toledo Hospital.
- The Toledo Hospital Foundation f/k/a ProMedica Foundation, an Ohio nonprofit corporation
- Toledo Children’s Hospital Foundation, an Ohio nonprofit corporation
- Flower Hospital, an Ohio nonprofit corporation
- Flower Hospital Foundation, an Ohio nonprofit corporation

**Other Affiliated Entities**

- BVPH Ventures, Inc., an Ohio non-profit corporation in which each of ProMedica Health System, Inc. and Blanchard Valley Health Association, an Ohio nonprofit corporation, hold a 50% ownership interest
- Lima Memorial Joint Operating Company, an Ohio non-profit corporation, in which Lima Memorial Hospital, an Ohio non-profit corporation, and BVPH Ventures, Inc. each hold a 50% ownership interest.